



The Road to Medicare

Planning Your Drive to 65

A guide to help you map your journey to
Medicare highlighting roadblocks and
warning signs along the way



Dear Montana Senior:

I am pleased to provide you with a copy of *The Road to Medicare-Planning Your Drive to 65*.

Most people look forward to retirement with a mix of excitement and anxiety. They feel excited about having time to relax and fulfill their “when I retire...” dreams. But they may also feel anxious about the financial and emotional challenges of retirement.



Monica J. Lindeen

As you plan for retirement, you have especially important decisions to make about health insurance. Understanding your health insurance options will relieve some of your worry. It is essential for everyone eligible for Medicare to have accurate information about coverage, delivery options, and supplemental health insurance. Early attention to these issues will prevent future serious and costly problems.

I encourage you to carefully study this guide. Please contact my office with any questions or concerns. Knowledgeable staff is available to assist you. Please call us toll-free at 1-800-332-6148 or in Helena at 444-2040 or visit the agency website at www.csi.mt.gov.

Sincerely,

A handwritten signature in blue ink that reads "Monica J. Lindeen".

Montana Commissioner of Securities & Insurance

The Road to Medicare

Planning Your Drive to 65

It is very important for anyone approaching Medicare eligibility to receive accurate information about coverage, delivery options and supplemental health insurance. Attention to these issues will help you avoid serious and costly problems later. This guide will help you map your journey to Medicare, highlighting roadblocks and warning signs along the way.



Some road signs you need to watch out for are:

- *Caution: Slippery Road Ahead* – Ways to prepare for Medicare
- *Green Light: Enrollment* – When and how you need to enroll in Medicare
- *Detour: Working Past 65* – Information for people with Medicare who plan to work after age 65
- *Which Way to Supplemental Coverage?* – Choices in health insurance to supplement Medicare
- *STOP: Get Help* – Resources for further information and assistance on the road to Medicare

Caution: Slippery Road Ahead



Several months before turning 65, you should begin to research Medicare and determine how it relates to your circumstances.

- Request a copy of your *Earnings and Benefit Estimate Statement* from the Social Security Administration at www.ssa.gov or 1-800-772-1213. This will specify how many quarters you have worked and paid into the Social Security system. If you or your spouse have worked 40 or more quarters and paid into the Social Security system, you are eligible for premium-free Medicare Part A. If you do not have sufficient quarters of coverage to qualify, you can buy Medicare Part A coverage.
- Talk to your employer's Benefits Officer and ask for any information about company health insurance after age 65. If you have an employer group health plan (EGHP) which continues to pay secondary after you become eligible for Medicare, study the benefits booklet to find out the cost and benefits of the plan.
- If you will not be covered by a group plan that will pay secondary to Medicare, begin to investigate other health insurance options—either an individual Medicare Supplement policy or a Medicare Advantage plan (if available in your area). SHIP can provide information about the Medicare Supplement plans and/or Medicare Advantage options available in Montana.

Green Light: Enrollment

Automatic Enrollment



If you already receive Social Security benefits, Railroad Retirement benefits, or Federal retiree benefits, your enrollment in Medicare is automatic. Check with Social Security to verify your automatic enrollment as well as your current address. Your Medicare card should arrive in the mail shortly before your 65th birthday. Check the card when you receive it to confirm that you are entitled to both Medicare Parts A & B.

Initial Enrollment

If you do not receive the benefits listed above, contact the Social Security Administration (1-800-772-1213) to enroll in Medicare Part A (Hospital Insurance) and to enroll in Medicare Part B (Medical Insurance). You have a 7-month window in which to enroll in Medicare without penalty.

General Enrollment

If you do not enroll in Medicare during the 7-month eligibility period you cannot enroll until the General Enrollment period which is January – March of each year. Your Medicare eligibility will not begin until the following July 1st. Your monthly Medicare Part B premium will increase to include a permanent 10% penalty for each year of delayed enrollment (unless you are eligible for special enrollment).

Medicare Advantage Plan (Medicare Part C)

Medicare Advantage plans offer an alternative to “original” Medicare plus a Medicare Supplement policy. Medicare Advantage plans will act as a single servicing point for Medicare Parts A & B billing functions. These plans can operate as PPO (preferred provider organization), Managed Care Plan, HMO, PFFS (Private Fee for Service) plan, or as a Specialty plan as approved by Medicare. Under a Managed Care, PPO or HMO type plan, you may have to use doctors and hospitals that are in that plan network or you may have to pay a higher co-pay or other charges if you choose a medical provider that is not a member of your plan. A company that offers Medicare Advantage plans may offer coverage with a national, regional or local service area. Medicare Advantage plans may include a prescription drug plan equal to or better than a standard Medicare Part D plan or they may require participants to enroll in a separate Medicare Part D plan.

Learn more

Request a copy of the *Medicare and You Handbook* or the *Guide to Health Insurance for People with Medicare* from www.medicare.gov or call

1-800-633-4227

Medicare Prescription Drug Program (Part D)

The Medicare Prescription Drug program helps cover the cost of your prescription drugs. You must first enroll in Medicare Part A or B, or both, to be eligible to enroll in Part D.

Many different drug plans are available under this program. Each plan must offer coverage for certain basic medications. Each plan has a list of covered prescription drugs (also called a formulary). The list includes the basic medications and additional drugs the company chooses to cover. The additional drugs may vary from plan to plan.

If you or your dependents have prescription drug coverage from another plan or program, your plan or program must tell you if it is “as good as” Part D.

If your plan is “as good as” Part D, you do not need to enroll in Part D. If your coverage ends or changes, and is no longer “as good as” Part D, you will have a chance to enroll in Part D without a penalty.

If you do not have other drug coverage “as good as” Part D, and you do not enroll when you are first eligible, Medicare might charge you a permanent penalty. The penalty will be at least 1 percent of the nationwide average monthly Part D premium for each month you wait to enroll. Your premium will include this penalty for as long as you remain enrolled in a Part D plan.

You may also have to wait for the annual enrollment period (known as the Annual Coordinated Election Period) to sign up, which occurs November 15– December 31 each year. (Beginning in 2011, the enrollment period will be October 15– December 7.) Coverage begins in January.

Detour: Working past 65 (special enrollment)

If you or your spouse are actively working at age 65, are covered by an employer’s group health plan (EGHP), and the company has 20 or more employees, you may be able to delay Medicare Part B coverage without penalty. You will still be eligible for Part A without paying a premium.

- Talk to your employer’s Benefits Officer and ask for information about company health insurance options for people who continue to work past the age of 65. Ask specifically how many hours you must work to keep your health insurance plan and whether the EGHP will be “primary” or “secondary” coverage to Medicare. Carefully study the company’s benefit booklet to determine the costs and benefits of the plan.
- If your group plan is primary to Medicare, you do not have to enroll in Medicare Part B at this time. You will need to enroll in Part B within **eight months** of the end of active employment or your EGHP no longer being primary. (If your EGHP will be secondary despite active employment, you must enroll in Medicare Part B during the 7 month Initial Enrollment window to avoid future penalties.) If you voluntarily disenroll from your EGHP before terminating your employment, you could lose any EGHP benefits when you retire.

- Contact the Social Security Administration (www.ssa.gov or 1-800-772-1213) or the nearest Social Security office to confirm that you have enrolled in Medicare Part A (Hospital Insurance).
- Give written notice to your company of your intention to continue working after age 65. When you decide to stop working, notify Social Security immediately.

Which way to supplemental coverage?

Medicare is a major medical plan that provides a basic foundation of benefits. However it does not pay 100% of all medical bills. People with Medicare are responsible for premiums, deductibles, and coinsurance. These amounts can be significant. Because of these costs, most people with Medicare need some kind of plan, policy or program to fill in the “gaps”.

Medicare Supplement Insurance

There are 11 Medicare Supplement insurance plans available. These are sold by private companies as individual insurance policies. After age 65 and for the first 6 months of eligibility for Part B, people with Medicare have an Open Enrollment period and are guaranteed the opportunity to buy any of these plans. Companies cannot deny coverage or charge more for current or past health problems. If you do not apply for a Medicare Supplement within your Open Enrollment period, you may lose the right to purchase a Medicare Supplement policy without regard for your health status. Additional information about the Medicare Supplement plans sold in Montana is available from SHIP (1-800-551-3191).

For more information

Contact the Montana Commissioner of Securities & Insurance to request a copy of the *Montana Consumer's Guide to Medicare Supplement Insurance*

www.csi.mt.gov

Managed Care

Medicare managed care plans are an option for some Montana citizens. Managed care plans (HMOs or PPOs) are available in some counties within our state and offer all Medicare benefits as well as some optional benefits. Members must utilize a network or group of preferred providers. Additional information is also available from SHIP.

Employer or Military Retiree Coverage

If you have retiree health coverage from an employer or the military (TRICARE), you may not need additional insurance. Review your costs and benefits and contact SHIP to learn how your coverage works with Medicare.

Medicaid or Medicare Savings Programs (QMB or SLMB)

Medicare recipients with low income or very high medical costs may be eligible to receive assistance from the Medicaid program. *Medicare Savings Programs* are also available for other low-income seniors that may help pay for Medicare premiums, deductibles, and coinsurance. There are specified income and resource limits for both programs. Contact SHIP for further information.

Stop: Get Help

SHIP: 1-800-551-3191

The State Health Insurance Assistance Program offers free, objective information about Medicare, Medicare Advantage, Medicare claims, Medicare supplement insurance, fraud and abuse prevention and long-term care insurance. Trained SHIP counselors are available for one-on-one counseling in most counties in Montana.



Medicare: www.medicare.gov or 1-800-633-4227

Medicare provides information 24/7 about eligibility, enrollment and coverage.

Social Security: www.ssa.gov or 1-800-772-1213

Contact Social Security to enroll in Medicare or to request a replacement Medicare card.

Employer Benefits Representative

See your representative for information about Employer Group Health Plan coverage.

TRICARE: www.tricare.osd.mil or 1-800-363-5433

TRICARE representatives can assist military retirees with questions on eligibility and coverage.

Fraud Tip

Do not give out your Social Security, Medicare, or bank account numbers over the phone or in person, unless you initiated the contact and you trust the person. If you suspect fraud, call SHIP at 1-800-551-3191. Trained counselors are available to provide advice on a variety of insurance issues.



Contact us

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Montana Commissioner of
Securities & Insurance

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